

~~EX PARTE OR LATE FILED~~

ORIGINAL  
RECEIVED

JUL - 6 1992

Paul C. Besozzi

Law Offices  
**BESOZZI & GAVIN**  
1901 L Street, N.W., Suite 200  
Washington, D.C. 20036

(202) 293-7405  
Telecopier: (202) 457-0443

Federal Communications Commission  
Office of the Secretary

July 6, 1992

Ms. Donna R. Searcy  
Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

ORIGINAL  
FILE

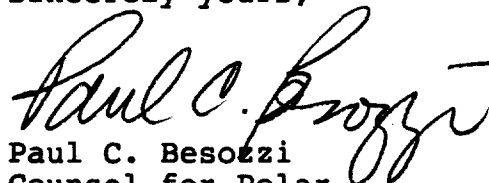
Re: Billed Party Preference for 0+  
InterLATA Calls - CC Docket 92-77

Dear Ms. Searcy:

Enclosed for filing are an original and nine (9) copies of the Initial Comments of Polar Communications Corporation in subject docket. In accordance with Paragraph 54 of the Commission's May 8, 1992, Notice of Proposed Rulemaking, please serve a copy on each of the individual FCC Commissioners.

If there are any questions in this matter, please contact the undersigned counsel.

Sincerely yours,



Paul C. Besozzi  
Counsel for Polar  
Communications Corp.

PCB:lyt  
0743/Initcom.ltr  
Enclosure

cc: Mark W. Kelly (w/o encl.)  
Thomas W. Wilson (w/o encl.)

No. of Copies rec'd  
List A B C D E

0 + 9

**ORIGINAL**  
**RECEIVED**

**Before the**  
**Federal Communications Commission**  
**Washington D.C. 20554**

**JUL - 6 1992**

Federal Communications Commission  
Office of the Secretary

**In the matter of** )  
**BILLED PARTY PREFERENCE** )  
**FOR INTERLATA CALLS** )  

---

CC Docket No. 92-77

**COMMENTS OF POLAR COMMUNICATIONS CORPORATION**

Submitted:  
Mark W. Kelly  
Thomas W. Wilson  
300 Corporate Center Drive  
Manalapan, NJ 07726

## TABLE OF CONTENTS

	<u>Page</u>
I. Overview.....	4
II. Polar Communications Corporation official position on Billed Party Preference.....	5
A. The LECs would once again be involved in another bottleneck.....	5
B. The costs to implement BPP are astronomical...	6
C. The advent of BPP will surely bring about additional post dial delay.....	6
D. BPP will eliminate incentives to keep the convenience of established paystations.....	6
E. Network availability is not universal for all carriers.....	6
F. Substantial economic erosion of working capital by the implementation of BPP.....	6
G. Re-Introduce a monopolization of operator services business.....	7
H. Stagnation of the Market and rate increases...	7
I. The spirit of competition will be reduced.....	7
III. Polar Communications Corporation response to FCC questions suggested in NPRM	
A. Costs of a Billed Party Preference System?....	7
B. Will the caller have to provide information twice such as calling card numbers?.....	9
C. What is the impact that Billed Party Preference would have on access time for operator service call completion times?.....	9
D. What is the impact of Billed Party Preference on competition in the provision of payphones?..	10
E. Are the benefits of Billed Party Preference obtainable through alternative, less costly technologies or systems?.....	10

Table of Contents - continued

F.	Is Billed Party Preference in the public Interest?.....	12
G.	Calling Cards - Proprietary cards versus Nonproprietary cards.....	12
IV.	Conclusion.....	13

## I. Overview

In 1984, Billed Party Preference (BPP) was a concept brought to the Department of Justice by a Local Exchange Carrier (LEC). That LEC was Ameritech. Since this time, BPP has been a cause chiefly supported by the LECs.

This new long distance environment created as a result of divestiture was designed primarily to promote the development of new technology and new competition into the telecommunications industry. Building this competitive environment entailed providing new long distance companies with access to consumers, and consumer with access to long distance carriers of their choice, whether at home, or more recently at pay telephones.

October 14, 1988 brought about large changes in the way telecommunications services were provided at the local paystation. First, it opened the door to many new and innovative services that are currently provided by the operator service companies.

Second, whether the business owns the payphone on its property or leases the land upon which a LEC pay telephone resides, they have been entitled to compensation for usage of the phone. Site owners earn this compensation by purchasing space for the phone, adequate lighting, and in many instances must manage the pedestrian traffic generated by the presence of the phones.

Billed Party Preference purports to solve a problem that is largely nonexistent and it will cost consumers far more than it is worth. Any costs associated with implementing BPP, and they are huge, will ultimately be passed along to the consumer. AT&T, which has opposed BPP, has demonstrated in pleadings before the FCC that BPP is unnecessary because existing equal access arrangements already allow consumers to reach their carrier of choice on the overwhelming majority of calls.

The minimum cost to implement Billed Party Preference is estimated at more than \$500 million dollars. The ongoing costs to operate BPP will entail additional charges and network fees due to the way the calls are handled.

Therefore, a shift in policy towards implementing Billed Party Preference would exact an exorbitant price from consumers, with little or no additional benefits.

This cloud over our industry has reduced the incentive to invest until the issue has been resolved, and if adopted, may force many of us to close our doors.

## **II. Polar Communications Corporation official position on Billed Party Preference.**

While Polar Communications Corp. supports FCC efforts to provide consumers with the ability to select long distance carriers, it believes that Billed Party Preference is not necessary nor is it a good investment, based on the return it produces. Therefore, we oppose any further investment of tax dollars or private dollars toward the investigation or implementation of Billed Party Preference.

Billed Party Preference will only produce results that are already available through the dial around alternatives which currently exist. Callers have already become accustomed to utilizing dial around to reach their carriers and rates of choice, and long distance carriers have spent millions of dollars on advertising to let the consumers know what to do and which access codes to dial. Essentially, if BPP is implemented, all of this consumer training and activity will be worthless.

Will be affected by implementation of BPP:

- A) LEC paystations
- B) Private Paystation Operators
- C) Hotel, Motel and Hospital Guest Services
- D) Residential phones
- E) Business phone systems and stations

Further more, Billed Party Preference will produce an entirely different business environment for the local exchange carriers, the interexchange carriers and the operator services providers. More specifically:

- A) The LECs would once again become another bottleneck. The bottleneck would include both the LIDB database and the additional operator service assistance needed to obtain the carrier of choice (customer calling, customer dialed or customer third party billed) for almost all live and automated operated assisted calls.

This bottleneck will produce the same results as if the FCC were to allow the LECs to enter the Interlata long distance market. The only entities who have the billing data are the LECS and they are the only companies who can provide this billing data. A monopoly of sorts would be created and used effectively to make sure that the LECs received their "fair" share of the long distance market revenues. Once again, the LECs are determining the future of the long distance market without actually being a legal player. Simply stated, the LECs have not proved capable of operating additional business operations without cross subsidization.

- B) The costs to implement Billed Party Preference are astronomical. Are the costs really worth the investment if all we are receiving is computerized dialing of the carrier selection CIC code? In essence, in exchange for about 3.5 seconds of dialing time, we are going to pay over half a billion dollars minimum to install Billed Party Preference. This is not a good investment.**
- C) The advent of Billed Party Preference will surely bring about additional post dial delay. The need for two operators to complete most live or automated operator assisted calls will inject additional wait time for completion of customer calls. In addition to this manual human intervention, additional dips into the LIDB database will also cause more post dial delay, even if slight. The entire industry has strived to move toward SS#7 and toward the ultimate goal of reducing post dial delay. Why at this time and junction should we introduce additional wait time for a benefit that is theoretically non existent.**
- D) Billed Party Preference will eliminate incentives to keep the convenience of established paystations. Once site owner commissions disappear because of BPP, site owners, hotel and motel owners, garages, municipalities will have no further incentives to keep and maintain the paystations. There is too much work involved in managing traffic flow, space and other issues to keep the paystations if there is no compensation for the site owner.**
- E) Network availability is not universal for all carriers. Therefore only the national carriers will be able to market their operator services to consumers no matter where they travel. Others will not be able to reach their carrier of choice depending upon their locations, and the geographic territory covered by the carrier.**
- F) Substantial economic erosion of working capital by the implementation of BPP. In today's troubled times, a change as significant as BPP could even cause additional economic stress and failures. The erosion of receipts for local, municipal and county governments, airport and public transportation authorities, public hospitals, government agencies and non-profit organizations of all kinds will also be part of BPP's impact.**

Rural, municipal and other government entities across the country depend on the millions of dollars generated from their public phone commissions to fund vital services for their citizens. We fear the only alternatives to tax increases for many of them will be a reduction in public services, layoffs of public sector employees, and appeals to the federal government for relief.

- G) **Re-introduce a monopolization of the operator services business, creating an oligopoly consisting of AT&T, Sprint and MCI.** The LECs will continue to receive the coin and intralata revenue from their paystations, the loss of business by operator service companies will be devastating. Billed Party Preference would eliminate their entire customer base. Who is the customer in this case? Ultimately, thousands of jobs are at stake if and when Billed Party is implemented.
- H) **Stagnation of the market and the gradual increase of operator service rates to begin recouping the initial and ongoing investment made in the implementation of Billed Party Preference.** Once the competition is removed from the market, product quality and innovation slips. There would be no further incentive to maintain the production of new and innovative services if there is no financial compensation.
- I) **The spirit of competition will be greatly reduced.** Once the implementation of BPP has occurred, smaller, entrepreneurial telecommunications concerns will cease to exist or have any interest in entering in to this market. These are the very companies responsible for so much of the latest technology advances, and innovative methods of providing services to the customer.

### **III. Polar Communications Corporation response to FCC questions suggested in NPRM.**

#### **A. Costs of a Billed Party Preference System?**

Polar Communications Corporation estimates that the total cost to install Billed Party Preference will be quite substantial. The LECS would have to install SS#7 networks which utilize sophisticated database cross referencing when working with LIDB and advanced billing services such as Automated Alternate Billing Services (AABS).



We believe the overall costs associated with installing this network base will exceed \$1 Billion dollars. However large the cost of installing this system, it would be very important if all LECs, including the smaller independents were mandated to install the appropriate systems.

As history has shown, the independent LECs are usually resistant to any changes. If for some reason they are prevented from participating in provisioning similar equipment and standardized protocols, callers utilizing the system will be further confused by both the inadequacy of the system and the differentiation of services provided by the LECs between one LEC's serving area and another LEC's serving area.

Costs associated with the completion of each call will also increase. Operator work time for long distance will certainly increase and possibly double as LEC operators collect and distribute information to long distance operators. Origination access costs will increase by a minimum of 14% due to the additional call completion time, and the higher percentage of non-completed calls due to confusion and frustration. Further, attempts to completion ratio will increase around 27%.

Certainly, the LECs are going to add an additional tariff to their library for operator service and long distance companies to compensate for use of the LIDB database and the primary operator interface (if needed). We believe that the costs will increase for approximately 80% of the calls that go through our system.

Should new technology be available such as AABS, this problem could be resolved as the introduction of operator time by the LEC will be non-existent. However, this technology has yet to be tested in a live work environment. Once it is available, all LECs, including the independents should be mandated to purchase, install and operate such technology. What will AABS cost us?

- B. Will the caller have to provide information twice such as calling card numbers?**

Signalling System Seven should assist in assembling database information and the forwarding of information to the long distance operator so that questions are not asked twice. However, the operator services provider must have the proper software and also must have SS#7 installed before it may take advantage of the technology available. The main point here is that without BPP, this is not an issue. The customer only has to talk with one operator and the operator passes the call through. With BPP, the customer will be greatly confused and completely compromised by the new system. New billing software might be made available in order to process the information (calling card data) and automatically process and transmit it to the specific carrier of choice, but this will mean additional cost and development times-- all to remedy a problem we can now prevent from occurring.

- C. What is the impact that Billed Party Preference would have on access time for operator service call completion time?**

Post dial delay will increase from a minimum of three seconds for automated caller billed calls to as long as, additional minutes if a second operator is involved for third party and collect calls. This suggests that the busy business traveler may have to get used to either waiting for calls to be completed from the paystation or they will simply begin to use other means of communication such as national pagers, cellular phone services, PCS (when available) or voice mail applications.

- D. What is the impact that Billed Party Preference on competition in the provision of payphones?**

All incentive on the part of long distance carriers to compensate the operator service providers, payphone operators and site owners serving the public will disappear--and with it, much of the convenience associated with the obligations of payphones. Many forms in the industry will simply go out of business.

Once the smaller and medium sized operator service companies are forced out of the business, competition will be greatly reduced to three to five long distance companies. They will not have further incentive to produce great new innovations and to provide quality customer service for those customers seeking specific attention to their operator service needs.

**E. Are the benefits of Billed Party Preference obtainable through alternative, less costly technologies or systems?**

Yes, there are alternative systems that may be used to achieve many of the rewards and benefits that Billed Party Preference is intended to possibly provide.

TOCSIA may have a great effect on the operator service business, which is preparing to file its forth and final report under the TOCSIA guidelines and instructions. TOCSIA was designed to assist the FCC by reporting progress in the areas of rate adjustments, complaint handling, and complaint levels.

Based on initial understandings of TOCSIA, many operator service carriers have placed voluntary restrictions on their rate programs. New profits are being realized from advanced information service programs, voice messaging, voice mail as well as by use of new high technologies which to reduce the dependence upon live operators.

In addition to TOCSIA enforcement, dial around is working quite effectively. There needs to be more of a push by carriers other than AT&T and MCI regarding the use of CIC codes, 10288 and 10222 respectively. We have seen the results of dial around and it does work. Let the system work itself out and allow TOCSIA to take further effect on the industry.

In addition to the above system, should a BPP concept be needed, the FCC might opt to utilize the long distance carrier as a medium of providing some of the database services and as an intermediary operator services provider. Select carriers (chosen through a bidding process for services within up to twenty regions in the USA) would be providers of database functions, (transfer of LIDB database functions from the LECs to the IXC), and also would be contracted operator service providers where the LEC simply hands off all calls that need operator service assistance in a specific region to a given contracted carrier. Thus the carrier would treat the call and hand it off to the long distance operator of choice by the billed party.

This system would require no additional monies beyond what the LECs already have proclaimed. If for some reason the funding required is prohibited because of financial capacity, the LECs could assist by providing designated service points or through direct joint ventures with the carrier who has responsibility for the region.

If such sums of moneys were required to be spent by the long distance carriers alone, we would think that the FCC would not deem such expenditures appropriate and that the initial concept would not be pertinent. Therefore, the issue would be ruled "opposed."

Only the LECs can spend the sums of money that are required to implement BPP. Remaining cognizant of the initial goals of the FCC and the general populace in this country, if the sum of money is too large for the long distance carriers to spend and that the danger is of eroding competition within the industry, why then are the LECs able to tap into their resources and build the Billed Party Preference system, knowing that it will cause irreparable harm to the operator service industry?

**F) Is Billed Party Preference in the public interest?**

Billed Party Preference is a concept attempting to address issues that are almost ten years old. Billed Party Preference does not provide enough significant benefits for all users and providers of operator services. The only companies who stand to gain from implementation of BPP are the LECs and the three largest long distance companies.

**G. Calling Cards - Proprietary versus Nonproprietary.**

Polar Communications Corporation has been greatly affected by the issuance of over 25 million CIID proprietary calling cards by AT&T. AT&T still retains near 80% of the calling card long distance market by virtue of the vast size of its residential customer base and the number of paystations for which they serve as operator service provider.

Polar Communications Corporation seeks no protection from AT&T's payphone market penetration other than to support AT&T in opposing the implementation of BPP. However, we do believe that AT&T's universal calling card does not contribute to a level competitive playing field. The CIID card identification format has the first six digits of the number as the identification of the carrier AT&T in the case of their 25 million plus universal calling cards. The CIID card uses a proprietary number format and therefore other OSP's require the validation data from AT&T to bill and validate calls made with the card.

The inequities of the AT&T CIID card are many. First, why does the Local Exchange Carrier have the opportunity to bill intralata calls on this card while they do not permit other carriers the same service? Secondly, why is AT&T permitted to utilize the 0+ public domain access method which permits callers to dial 0+AC+Number to terminate their calls.

Therefore when calls originate from a non-AT&T paystation, once the non-AT&T operator finds the call is made using an AT&T CIID card and that he or she cannot bill the call on the card, the operator must either extend the call via splashing to AT&T or tell the caller that he or she must redial and use AT&T's 10288 access code or AT&T's 1-800 number. This occurs in large scale numbers due to AT&T's message to its large customer base that once at a non-AT&T payphone, that they should dial 10288+0 to make sure they reach AT&T.

However, when callers use zero access, they cost the competitive operator service providers time and money. During the time the competitive operator is taking the call, finding out billing information and finally, either transferring the call or informing the calling party to dial AT&T directly, access time and operator work time have accumulated significant amounts of time.

Due to this problem, many site owners and managers are signing up directly with AT&T, forgoing their previous carriers and commission plans. AT&T, with its marketing and advertising budget, has won back customers and does not have to pay commissions to a large share of these "win backs."

Polar Communications Corporation strongly supports the Comptel pleading presented to the FCC in regards to treatment of proprietary calling cards. Billed Party Preference is not the answer, nor is allowing AT&T to flagrantly abuse the 0+ public domain as part of its marketing plan. All 0+ dialing should be and must be restricted to nonproprietary calling card usage only. Therefore, like most other long distance carriers, AT&T customers may access their carrier of choice network via 10XXX, 950-XXXX or 800 access.

All proprietary calling card owners should be instructed to access their carriers via NON 0+ access, which would contribute toward a more level competitive playing field.


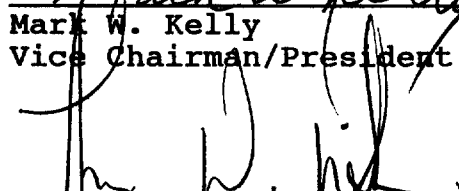
#### IV. Conclusion

Polar Communications Corporation is in full support of the current presubscription dialing plan. It is adequate and customer familiarity is growing every day. If BPP is ordered by the FCC, it will be doing so knowing that many employees within our current industry will immediately be out of work and that indirect results from BPP may have other grave results. The current system was ordered October 14, 1988 and the consumer, the site owner and the operator service carrier are all beginning to come to terms with it.

Polar Communications Corporation wishes to submit its comments in its entirety and complete understanding. The MFJ and the consent decree were formed and created to abolish the AT&T monopoly and to deliver competition into the market. If BPP is implemented, just the opposite will be occur.

Respectfully submitted,

POLAR COMMUNICATIONS CORPORATION

  
\_\_\_\_\_  
Mark W. Kelly  
Vice Chairman/President  
\_\_\_\_\_  
Thomas W. Wilson  
Sr. Vice President  
Strategic Planning